(c) No tax dues stand recoverable from M/s. PIE Solutions and Systems Ltd. as on date.

Diversion of Money to Stock Market

2351. SHRI SANTOSH BAGRODIA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that RBI is investigating top management of banks and other officials serve as conduits for diverting money to stock market;

(b) if so, what is the outcome of such investigation; and

(c) what steps Government have taken to prevent such occurrence in future and to regain the public confidence in the stock market ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) : (a) No Sir.

(b) Does not arise.

(c) RBI has issued instructions to banks to ensure that drawals from cash credit/overdraft accounts are strictly for the purposes of limits sanctioned and ensure that there is no diversion of working capital finance for acquisition of fixed assets, investments in associate companies/subsidiaries, acquisition of shares, debentures, units of UTI or other mutual funds or investment in capital market. Financial institutions and banks have also been advised to put in place effective system of post disbursement supervision to capture financial indiscipline and take remedial action without loss of time.

Imposition of Service Tax by States

2352. SHRI H.K. JAVARE GOWDA: Will the Minister of FINANCE be pleased to state :

(a) whether State Governments have been urging the Central Government to permit them to impose Service Tax;

(b) if so, what is the stand of the Central Government in this regard together with the details thereof; and

(c) whether Government of Karnataka has also requested for the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN) : (a) Yes Sir.

(b) The Government of India has constituted a Committee of Finance Ministry Officials and State Finance Secretaries to study the levy of VAT on